

**U.S. Department of Education
Office of Federal Student Aid
Phase I – Solicitation
Title IV Loan Servicing/Management Program (Title IV)**

1.0 GENERAL DESCRIPTION OF SCOPE/PURPOSE

The U.S. Department of Education (Department), Office of Federal Student Aid, is conducting Phase I of a two-phase solicitation to acquire additional Title IV student loan management/servicing under FAR Part 12. The authority to utilize the two-phase solicitation process has been provided under the Performance Based Organization (PBO) Procurement Flexibility Statute (20 U.S.C. 1018a(d)).

1.1 Federal Student Aid Background/Overview

Federal Student Aid (FSA), an office of the Department, plays a central and essential role in America's postsecondary education community.

FSA's core mission is to ensure that all eligible individuals benefit from federal financial assistance—grants, loans and work-study programs—for education beyond high school. The programs FSA administers comprises the nation's largest source of student aid: during the 2007-08 school year alone, FSA provided approximately \$83 billion in new aid to nearly 10 million postsecondary students and their families. FSA's staff of 1,100 is based in 10 cities, in addition to its Washington, D.C. headquarters.

1.2 Current Need

With the current economic and liquidity uncertainty facing financial markets, many student loan lenders are dropping out of the market. With more than \$65 billion in 2008-09 loans and approximately \$130 billion in eligible 2003-07 student loans on bank balance sheets and auction rate securitizations, the capital markets are currently unable to generate adequate funds at prices that will ensure 2009-10 loans can be made.

Recent legislation including the College Cost Reduction Authorization Act of 2008 (CCRAA) (Pub. Law 110-84) and the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) (Pub. Law 110-227) enabled the Department to accept former Federal Family Education Loan Program (FFELP) loans in the form of additional Direct Loan (DL) capacity, and to purchase FFELP loans as far back as 2003, in an effort to bring liquidity and stability back to the student loan market.

With the sudden increase in current and potential loan volume that the Department will be responsible for servicing, the need for increasing the Title IV student aid servicing vehicles is determined appropriate at this time.

1.3 Objective

Acquire efficient and effective commercial contract services to manage all types of Title IV student aid obligations, including, but not limited to, servicing and consolidation of outstanding debt.

1.4 Constraints

1.4.1 Specific compliance activities for servicing Federally held assets may include, but are not limited to: (1) Security; (2) Loan Conversion, (3) Financial Reconciliation; (4) Servicing (including appropriate full customer service and default aversion activities); (5) Reporting; (6) Record Retention; and (7) Audit Response Support. Available requirements developed to date can be viewed under the “Title IV Student Loan Management/Servicing” heading at <https://fsaacquisitioninformation.ed.gov/acquisition/AIWSWebApp/GetLibrary.d>
[o](#)

1.4.2 In order to manage the costs associated with such a potentially large portfolio, the service must provide innovative measures to ensure portfolio growth is not the key driver of total cost. Contractor incentives must be based on performing assets, rather than transaction or activity based delinquency incentives. Costs may also be managed through redistribution of customers to self-service options, as approved by the Government. Performance measures will help ensure that the complete service operates as efficiently and effectively as possible and that it is achieving the desired business outcomes. These measurements will be flexible to allow for regular reviews and revisions as necessary.

1.4.3 The contractor(s) will be responsible for maintaining a full understanding of all federal and state laws and regulations and FSA requirements and ensuring that all aspects of the service continue to remain in compliance as changes occur.

1.4.4 The contractor(s) will provide a service flexible enough to handle new requirements generated by Congress and respond to legislative mandates and policy changes. Please see *Appendix A – Standards and Relevant Documents* for historical and current representative information.

1.4.5 The contractor(s) will provide timely (as defined by FSA and contractor) responses to Office of Inspector General (OIG), General Accounting Office (GAO), budget, data, and management requests.

1.4.6 It is understood and mutually agreed that the Department of Education has exclusive ownership of all information stored in, retrieved, modified, and/or archived in as part of this service. The contractor shall have no rights in such information and no rights to such information shall vest on the contractor by virtue of its performance of this contract. No other party has the right to copy, delete, archive, or transfer such information without the prior express written consent of the Department of Education. The contractor shall not use such

information for any marketing or solicitation purpose including, but not limited to, commercial advertising, credit offers, or similar campaigns.

2.0 BASIS ON WHICH POTENTIAL SOURCES ARE TO BE SELECTED TO SUBMIT OFFERS IN THE SECOND PHASE

The following constitutes the factors on which offerors will be selected for consideration for Phase II of this solicitation process:

2.1 Go/No-Go Factor

- (1) Demonstrate experience in processing a minimum of 500,000 student loan sales conversions annually and servicing at least 2,000,000 student loans. Federal Student Aid reserves the right to utilize resources available to the Government to validate an offeror's proposed experience, as appropriate.

2.2 Evaluation Factors

- (1) Demonstrate the capacity to process a minimum of 500,000 additional student loan sales conversions annually and service at least 2,000,000 additional student loans, no later than August 31, 2009.
- (2) Demonstrate the willingness to develop and/or enhance offeror system(s) to accommodate the additional volumes stated above, in compliance with all standards and constraints, at no cost to the Government, or an alternative business arrangement that limits the Government's liability.
- (3) Estimated Cost to the Government. (Estimated costs will be evaluated for realism.)

2.3 Order of Importance

The evaluation factors above are listed in descending order of importance.

3.0 CONTENT OF OFFERS

At a minimum, the content of offers should discuss the following:

- (1) Experience in processing a minimum of 500,000 student loan sales conversions annually and servicing at least 2,000,000 student loans. Offerors should provide at least one reference, or only as many as needed to demonstrate minimum threshold stated herein. (For example, if two references demonstrate a combined minimum of 500,000 student loan conversions and 2,000,000 student loans serviced, do not provide additional references.) The references provided should include the following information:

Lender Name	
Project Name	
Description of Effort	

Number of Loan Sales Converted Annually	
Number of Loans Serviced	
Point of Contact (Name, Title, Organization, Mailing Address, Telephone, and Email)	
Dates of Performance	
Valid Source of Information*	

*Copies of sources used as validation for proposed experience should be provided to the Government. These will not count towards the total page limit for this submission.

- (2) Capability and approach in expanding current capacity to process a minimum of 500,000 additional student loan sales conversions annually and service at least 2,000,000 additional student loans, no later than August 31, 2009 (assuming a contract award date of April 1, 2009). This should include a high level discussion of technological and business operations approaches to a degree the government can evaluate risk, timeline and feasibility.
- (3) Confirmation of willingness to develop and/or enhance system(s) to accommodate the additional volumes stated above, in compliance with all standards and constraints, at no cost to the Government. If an alternative business arrangement that limits the Government's liability is proposed, please describe.
- (4) Complete the following chart for estimated unit prices:

Borrowers in Grace or Current Repayment Status Less Than 31 Days Delinquent

Unit Range	Unit of Measure	YEAR 1 Pricing	YEAR 2 Pricing	YEAR 3 Pricing	YEAR 4 Pricing	YEAR 5 Pricing	YEAR 6 Pricing	YEAR 7 Pricing	YEAR 8 Pricing	YEAR 9 Pricing	YEAR 10 Pricing
0 - 500,000	Per Unit-Monthly										
500,001 - 1,225,000	Per Unit-Monthly										
1,225,001 - 1,555,000	Per Unit-Monthly										
1,555,001 - 1,885,000	Per Unit-Monthly										
1,885,001 - 2,215,000	Per Unit-Monthly										
2,215,001 - 2,500,000	Per Unit-Monthly										

Assumptions: (1) 1.8 Loans per borrower; (2) This is a performance-based acquisition, aimed at maintaining borrowers in grace or current repayment status. Thus, the above pricing will represent the highest per unit price the Government expects to pay; and (4) There will be additional loan

servicing life-cycle pricing requested in Phase II (i.e. Borrowers in In-School Status, Borrowers in Deferment or Forebearance, etc.).

4.0 ADDITIONAL INFORMATION

4.1 Two-Phase Solicitation Process

Only offerors selected in Phase I of this two-phase solicitation process will be provided a copy of the solicitation amendment for Phase II, and only those offerors selected in Phase I will be permitted to submit an offer in Phase II.

Selection in Phase I of this solicitation does not constitute, nor guarantee, a contract award.

4.2 Offer Submission Methods

Offers shall be submitted using the following method only:

- (1) ***Electronic mail (Email)***. Email offers should be sent to Nicholas Chung, Contract Specialist, at nicholas.chung@ed.gov. All offers should be included as attachments formatted using PDF Format with a duplicate copy compatible with Microsoft Word 2000.

The subject line of the email should read, “*Phase I Submission – Title IV Loan Servicing/Management Vehicle*”.

4.3 Page Limitations

An offeror’s submission for Phase I of this solicitation process may not exceed five (5) pages total. Offerors may include a table of contents, a single title page, and sources of information described in Section 3.0(1), which will not count against the page limitations. Any page size up to 8 ½” x 11” (or metric equivalent) will be considered a single page. Printing on two sides of a single page will be considered as two pages. Offerors may include pages larger than 8 ½” x 11”, however such pages will count as two or more pages, rounding up to the next increment of 8 ½” x 11”. Font sizes for text portions of the technical proposal should not be less than Times New Roman, 12 point or approximate equivalent. The font size restriction does not apply to small text in charts or similar presentations. Margins should be kept at 1” on all four sides of the page.

In the event that the page limitation stated herein is exceeded, the Government reserves the right to evaluate only the first number of pages up to the page limit, or what the Government deems to be the equivalent of the first number of pages up to the page limit.

4.4 Submission Deadline

Offers should be received no later than 3:00PM ET on January 28, 2009. The time of receipt is considered to be the time in which the email is received at the initial point of entry to the Department of Education infrastructure.

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Appendix A
Historical and Current representative sample of *Standards and Relevant Documents*

United States Department of Education Information and Resources

- Title IV Student Aid Programs Regulations (34 CFR Parts 600-694)
 - http://www.access.gpo.gov/nara/cfr/waisidx_03/34cfrv3_03.html#600
- Review of Student Aid Regulations Under Title IV of the Higher Education Act of 1965
 - <http://www.ed.gov/offices/ODS/regreview/index.html>
- Amendments to the Higher Education Act of 1965
 - <http://edlabor.house.gov/education/higher-education/>
- Department of Education Priorities
 - <http://www.ed.gov/about/priorities.jsp>
- Information for Financial Aid Professionals (IFAP) Library
 - <http://www.ifap.ed.gov/>
- U.S. Department of Education Records Disposition Schedules
 - www.ed.gov/policy/gen/guid/fra/intro-02sch.pdf
- Security Requirements for Contractors Doing Business with the Department of Education
 - www.ed.gov/fund/contract/about/bsp.html

Applicable Federal Public Laws and Regulations

- Title IV Student Aid Programs Regulations (34 CFR Parts 600-694)
 - http://www.access.gpo.gov/nara/cfr/waisidx_03/34cfrv3_03.html#600
- Review of Student Aid Regulations Under Title IV of the Higher Education Act of 1965
 - <http://www.ed.gov/offices/ODS/regreview/index.html>
- Amendments to the Higher Education Act of 1965
 - <http://edlabor.house.gov/education/higher-education/>
- Federal Acquisition Regulation (FAR)
 - <http://www.arinet.gov/far/>
- Fair Debt Collection Practices Act
 - <http://www.ftc.gov/os/statutes/fdcpajump.htm>
- Privacy Act of 1974
 - <http://www.ed.gov/policy/gen/leg/privacyact.html>
- Freedom of Information Act of 1974
 - <http://www.usdoj.gov/04foia/>
- Federal Managers' Financial Integrity Act of 1982
 - <http://www.whitehouse.gov/omb/financial/fmfia1982.html>
- Computer Fraud and Abuse Act of 1987

- <http://www.cio.energy.gov/documents/ComputerFraud-AbuseAct.pdf>
- Computer Matching and Privacy Protection Act of 1988, as amended
 - <http://thomas.loc.gov/cgi-bin/bdquery/z?d100:SN00496:>
- Paperwork Reduction Act, as amended
 - <http://www.ed.gov/policy/gen/leg/pra.html>
- Government Paperwork Elimination Act (GPEA)
 - <http://www.ed.gov/policy/gen/leg/gpea/index.html>
- Clinger-Cohen Act
 - <http://www.ed.gov/policy/gen/leg/cca.html>
- Federal Records Act
 - <http://www.ed.gov/policy/gen/leg/fra.html>
- Federal Information Security Management Act (FISMA) of 2002 (Title III of E-Gov)
 - <http://csrc.ncsl.nist.gov/policies/>
- Section 508 of the Rehabilitation Act of 1973
 - <http://www.section508.gov/>
- Electronic Signatures in Global and National Commerce Act of 2000 (E-Sign)
 - http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=106_cong_bills&docid=f:s761enr.txt.pdf
- Gramm-Leach-Bliley Act
 - <http://www.senate.gov/~banking/conf/>

Standards Resources

- International Organization for Standardization
 - <http://www.iso.ch/iso/home.htm>
- National Institute of Standards and Technology
 - <http://www.nist.gov/>
- Software Engineering Institute (SEI) and the Capability Maturity Model (CMM)
 - <http://www.sei.cmu.edu/cmml/>
- FIPS PUB 113 – “Computer Data Authentication”
 - <http://www.itl.nist.gov/fipspubs/fip113.htm>

Executive Orders and Executive Office Guidance

- Executive Order 13231 - "Critical Infrastructure Protection in the Information Age"
 - <http://www.whitehouse.gov/news/releases/2001/10/20011016-12.html>
- Executive Order 13228 - "Establishing the Office of Homeland Security and the Homeland Security Council"
 - <http://www.whitehouse.gov/news/releases/2001/10/20011008-2.html>
- Executive Order 13011 - "Federal Information Technology"
 - <http://www.cio.gov/Documents/federal%5Fit%5FJul%5F1996%2Ehtml>

Office of Management and Budget (OMB) Circulars, Memoranda, and Other Guidance on Information Technology

- OMB Circular A-123 – “Internet Control Systems”

- <http://www.whitehouse.gov/omb/circulars/a123/a123.html>
- OMB Circular A-127 – “Financial Management Systems”
 - <http://www.whitehouse.gov/omb/circulars/a127/a127.html>
- OMB Circular A-130 – “Management of Federal Information Resources”, Appendix III – “Security of Federal Information Resources”
 - <http://www.whitehouse.gov/omb/circulars/a130/a130.html>
- NIST Special Publication 800-18 – “Guide for Developing Security Plans for Information Technology Systems”
 - <http://csrc.nist.gov/publications/nistpubs/800-18-Rev1/sp800-18-Rev1-final.pdf>
- OMB Memorandum 97-02 – “Funding Information Systems Investments”
 - <http://www.whitehouse.gov/omb/memoranda/m97-02.html>
- OMB Memorandum 97-16 – “Information Technology Architectures”
 - <http://www.whitehouse.gov/omb/memoranda/m97-16.html>
- OMB Memorandum 00-15 – “OMB Guidance on Implementing the Electronic Signatures in Global and National Commerce Act”
 - <http://www.whitehouse.gov/omb/memoranda/m00-15.html>
- OMB Memorandum 01-08 – “Guidance on Implementing the GISRA”
 - <http://www.whitehouse.gov/omb/memoranda/m01-08.pdf>
- OMB Memorandum 01-24 – “Reporting Instructions for the GISRA”
 - <http://www.whitehouse.gov/omb/memoranda/m01-24.pdf>
- US General Accounting Office Accounting and Information Management Division (GAO/AIMD) Report 94-115 – “Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology”
 - <http://www.gao.gov/special.pubs/ai94115.pdf>
- 1098E – Student Loan Interest Information Reporting
 - <http://www.unclefed.com/Tax-Bulls/1998/not98-07.pdf>

Other

- IRS Publication 1075 – “Tax Information Security Guidelines for Federal, State, and Local Agencies”
 - <http://www.irs.gov/pub/irs-pdf/p1075.pdf>

(End of Appendix A)